

**SECOND DRAW PPP GUIDANCE:
“GROSS RECEIPTS”
FOR NONPROFITS**

CONTENTS

(AND WHERE TO FIND THEM IN THE VIDEO)

- Why gross receipts matter (0:36 – 1:19)
- How nonprofit gross receipts are defined (1:20 – 2:53)
- How to do a quarterly comparison (2:54 – 6:13)
- How to do an annual comparison (6:14 – 7:55)
- Where to find gross receipts on tax filings (7:56 – 9:29)
- Whether to include affiliates (9:30 – 10:54)
- How to calculate your reduction (10:55 – 11:47)
- Other questions? (11:48 – 12:27)

WHY DO GROSS RECEIPTS MATTER?

- 2nd Draw PPP loans are only available to the hardest hit borrowers
- To be eligible, you must show **25% or more reduction** in gross receipts in 2020, as compared to 2019
- ***SBA Guidance:*** [Second Draw PPP Loans: How to Calculate Revenue Reduction and Maximum Loan Amounts Including What Documentation to Provide \(sba.gov\)](#)

NONPROFIT GROSS RECEIPTS

Gross amount received from all sources, without reduction for costs or expenses such as cost of goods/assets sold, cost of operations, or expenses of earning, raising, or collecting such amounts (as defined by IRC Section 6033)

INCLUDE ✓

- Contributions, gifts, grants
- Dues & assessments
- Gross sales/receipts from business activities
- Sale of assets
- Investment income (interest, dividends, rents & royalties)

DON'T INCLUDE ✗

- Proceeds from transactions with Affiliates
- PPP loan proceeds
- EIDL advance proceeds

QUARTERLY COMPARISON

Comparison

- If your organization was:
 - In operation before 7/1/19: compare **any quarter in 2019** with the **same quarter in 2020**
 - Not operating until after 6/30/19: compare **Q3 or Q4 2019** with **any quarter in 2020**
 - Not operating until after 9/30/19: compare **Q4 2019** with **any quarter in 2020**
 - Not operating until after 12/31/19: compare **Q1 2020** with **any other quarter in 2020**
- SBA requires use of calendar quarters
 - January 1 – March 31, April 1 – June 30, July 1 – September 30, October 1 – December 31

Documentation (one of the following)

- Quarterly financial statements for the quarters being compared
 - If unaudited, sign & date first page & initial all other pages, to attest accuracy
 - Annotate which line items constitute gross receipts
- Monthly bank statements for the quarters being compared
 - Annotate which deposits constitute gross receipts (e.g., payments for purchases of goods and services) and which do not (e.g., capital infusions)
- Annual IRS income tax filings of the borrower for 2019 and 2020
 - If you have not yet filed your 2020 IRS 990, prepare a draft (sign & date, to attest accuracy)
 - SBA may require a copy of your final filed IRS 990 at forgiveness

ANNUAL COMPARISON

Comparison

- Compare **2019** IRS 990 to **2020** IRS 990
- To choose the annual option, you must either operate on a calendar year, or on a non-calendar fiscal year starting by the first day of April

Documentation

- Annual IRS 990 of the borrower for 2019 and 2020
- If you have not yet filed your 2020 IRS 990, prepare a draft (sign & date, to attest accuracy)
- SBA may require a copy of your final filed IRS 990 at forgiveness

IRS FORM 990 - GENERALLY

Form **990**

Return of Organization Exempt From Income Tax

OMB No. 1545-0047

2020

Open to Public Inspection

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

Department of the Treasury
Internal Revenue Service

A For the 2020 calendar year

B Check if applicable:

- Address change
- Name change
- Initial return
- Final return/terminated
- Amended return
- Application pending

C Name: _____
Do: _____
Num: _____
City or town, state or province, country, and ZIP or foreign postal code: _____

D Employer identification number: _____

E Telephone number: _____

F Name and address of principal officer: _____

G Gross receipts \$ **USE THIS**

H(a) Is this a group return for subordinates? Yes No
H(b) Are all subordinates included? Yes No
If "No," attach a list. See instructions

H(c) Group exemption number: _____

I Tax-exempt status: 501(c)(3) 501(c) () ◀ (insert no.) 4947(a)(1) or 527

J Website: ▶

K Form of organization: Corporation Trust Association Other ▶

L Year of formation: _____

M State of legal domicile: _____

Part I Summary

1 Briefly describe the organization's mission or most significant activities: _____

IRS FORM 990 - SPECIFICALLY

Part VIII (Statement of Revenue):

- LINE 12 (Column A total revenue)
- + LINE 6b(i) & (ii) (rental expenses)
- + LINE 7b(i) & (ii) (cost or other basis)
- + LINE 8b (direct expenses)
- + LINE 9b (direct expenses)
- + LINE 10b (COGS)

= Gross Receipts

Form 990 (2020) Page **9**

Part VIII Statement of Revenue
Check if Schedule O contains a response or note to any line in this Part VIII.

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns	1a			
	b Membership dues	1b			
	c Fundraising events	1c			
	d Related organizations	1d			
	e Government grants (contributions)	1e			
	f All other contributions, gifts, grants, and similar amounts not included above	1f			
	g Noncash contributions included in lines 1a-1f	1g \$			
	h Total. Add lines 1a-1f				
	Program Service Revenue				
2a	Business Code				
b					
c					
d					
e					
f All other program service revenue					
g Total. Add lines 2a-2f					
Other Revenue					
3 Investment income (including dividends, interest, and other similar amounts)					
4 Income from investment of tax-exempt bond proceeds					
5 Royalties					
6a Gross rents	6a				
	b Less: rental expenses	6b			
	c Rental income or (loss)	6c			
	d Net rental income or (loss)				
7a Gross amount from sales of assets other than inventory	7a				
	b Less: cost or other basis and sales expenses	7b			
	c Gain or (loss)	7c			
	d Net gain or (loss)				
8a Gross income from fundraising events (not including \$ of contributions reported on line 1c). See Part IV, line 18	8a				
	b Less: direct expenses	8b			
	c Net income or (loss) from fundraising events				
9a Gross income from gaming activities. See Part IV, line 19	9a				
	b Less: direct expenses	9b			
	c Net income or (loss) from gaming activities				
10a Gross sales of inventory, less returns and allowances	10a				
	b Less: cost of goods sold	10b			
	c Net income or (loss) from sales of inventory				
Miscellaneous Revenue					
11a	Business Code				
b					
c					
d All other revenue					
e Total. Add lines 11a-11d					
12 Total revenue. See instructions					

Form 990 (2020)

IRS FORM 990-EZ

Form 990-EZ **Short Form** **Return of Organization Exempt From Income Tax** OMB No. 1545-0047
 Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations) **2020**
 ▶ Do not enter social security numbers on this form, as it may be made public.
 ▶ Go to www.irs.gov/Form990EZ for instructions and the latest information. **Open to Public Inspection**

Department of the Treasury
Internal Revenue Service

A For the 2020 calendar year, or tax year beginning _____, 2020, and ending _____, 20

B Check if applicable:
 Address change
 Name change
 Initial return
 Final return/terminated
 Amended return
 Application pending

C Name of organization _____
 Number and street (or P.O. box if mail is not delivered to street address) _____ Room/suite _____
 City or town, state or province, country, and ZIP or foreign postal code _____

D Employer identification number _____
E Telephone number _____
F Group Exemption Number ▶ _____

G Accounting Method: Cash Accrual Other (specify) _____
I Website: ▶ _____

H Check if the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF).

J Tax-exempt status (check only one) – 501(c)(3) 501(c) () ◀ (insert no.) 4947(a)(1) or 527

K Form of organization: Corporation Trust Association Other _____

L Add lines 5b, 6c, and 7b to line 9 to determine gross receipts. If gross receipts are \$200,000 or more, or if total assets (Part II, column (B)) are \$500,000 or more, file Form 990 instead of Form 990-EZ. ▶ \$ _____

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (see the instructions for Part I)
 Check if the organization used Schedule O to respond to any question in this Part I. _____

Revenue	1	Contributions, gifts, grants, and similar amounts received		1
	2	Program service revenue including government fees and contracts		2
	3	Membership dues and assessments		3
	4	Investment income		4
	5a	Gross amount from sale of assets other than inventory	5a	
	b	Less: cost or other basis and sales expenses	5b	
	c	Gain or (loss) from sale of assets other than inventory (subtract line 5b from line 5a)		5c
	6	Gaming and fundraising events:		
	a	Gross income from gaming (attach Schedule G if greater than \$15,000)	6a	
	b	Gross income from fundraising events (not including \$ _____ of contributions from fundraising events reported on line 1) (attach Schedule G if the sum of such gross income and contributions exceeds \$15,000)	6b	
	c	Less: direct expenses from gaming and fundraising events	6c	
	d	Net income or (loss) from gaming and fundraising events (add lines 6a and 6b and subtract line 6c)		6d
	7a	Gross sales of inventory, less returns and allowances	7a	
b	Less: cost of goods sold	7b		
c	Gross profit or (loss) from sales of inventory (subtract line 7b from line 7a)		7c	
8	Other revenue (describe in Schedule O)		8	
9	Total revenue. Add lines 1, 2, 3, 4, 5c, 6d, 7c, and 8		9	

Part I (Revenue, Expenses ...)
 LINE 9 (total revenue)
 + LINE 5b (cost or other basis)
 + LINE 6c (direct expenses)
 + LINE 7b (COGS)
 = Gross Receipts



AFFILIATES

- In general, **include gross receipts of all Affiliates**
- New Affiliates:
 - Gross receipts includes the Affiliate's receipts for the entire measurement period (not just following the acquisition)
 - If you acquired a segregable division of an Affiliate during 2020, gross receipts include the division's receipts only following the acquisition
- Former Affiliates:
 - Exclude receipts for the entire measurement period (not just following the end of the affiliation)
 - If you sold a segregable division, include the division's receipts prior to sale
- Affiliation rules are **waived** for:
 - Businesses with NAICS code 72 & not more than 300 employees
 - News organizations majority owned/controlled by NAICS code 511110 or 5151 & not more than 300 employees per physical location
 - Nonprofits with NAICS code 5151
- ***SBA Guidance to determine whether you have Affiliates:*** [Affiliation Rules for Paycheck Protection Program \(sba.gov\)](#)

CALCULATING YOUR REDUCTION

- Calculate your Gross Receipts for 2019 and 2020 (or for chosen quarters)
- Divide 2020 Gross Receipts by 2019 Gross Receipts
- Subtract this result from 1 to determine your % reduction
- *Example:*
 - 2019 gross receipts = \$50,000
 - 2020 gross receipts = \$30,000
 - $\$30,000/\$50,000 = 0.6$
 - $1 - 0.6 = 0.4$
 - 40% reduction: **ELIGIBLE**

IF REDUCTION IS 25% OR MORE, YOU MEET THE
GROSS RECEIPTS TEST FOR A 2nd DRAW PPP LOAN

OTHER QUESTIONS?

Visit [Paycheck Protection Program Loans | Self-Help Federal Credit Union \(self-helpfcu.org\)](https://self-helpfcu.org)

PPP Loan Guidance

Please see the Tools & Resources below for current information to help you navigate the PPP loan process. Self-Help is monitoring updates from Congress, the Treasury Department and SBA for any changes to the program and will update this page with new information as it becomes available.

Tools & Resources

Self-Help Resources

- Have questions on PPP? Find answers to commonly asked questions in our [PPP FAQ](#) (updated as of February 8, 2021)
- [Guidance by Entity/Tax Filing](#)
- [Economic Aid Act Quick FAQ - December 27, 2020](#)
- ¿Tiene Preguntas de Perdón? Encuentre Respuestas a preguntas comunes en nuestro Documento Perdón

Additional Resources

- SBA Guidance - [How to Calculate 1st Draw PPP Loan Amount](#)
- SBA Guidance - [How to Calculate 2nd Draw PPP Loan Amount](#)
- Small Business Administration PPP Guidance: <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck->